Reprinted
March 30, 2005

ENGROSSED
SENATE BILL No. 611

DIGEST OF SB 611 (Updated March 29, 2005 10:01 pm - DI 102)

Citations Affected: IC 36-8.

Synopsis: Sheriff deferred retirement option plan. Establishes certain requirements for a deferred retirement option plan adopted as part of a sheriff's department's retirement plan (plan). Removes language that terminates the monthly pension for a plan participant's surviving spouse who remarries.

Effective: July 1, 2005.

Harrison, Lutz L
(HOUSE SPONSORS — BUELL, HARRIS T, BORDERS, RUPPEL)

January 24, 2005, read first time and referred to Committee on Pensions and Labor.
February 3, 2005, reported favorably — Do Pass.
February 7, 2005, read second time, ordered engrossed.
February 8, 2005, engrossed.
February 14, 2005, read third time, passed. Yeas 47, nays 0.

HOUSE ACTION

March 8, 2005, read first time and referred to Committee on Public Safety and Homeland Security.
March 22, 2005, reported — Do Pass.
March 29, 2005, read second time, amended, ordered engrossed.

Reprinted
March 30, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

ENGROSSED
SENATE BILL No. 611

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 36-8-10-12.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 12.2. (a) This section applies to a county that adopts a deferred retirement option plan as part of its retirement plan under this chapter.**

(b) As used in this section, "DROP" refers to a deferred retirement option plan established under this section.

(c) As used in this section, "DROP frozen benefit" refers to a monthly pension benefit calculated under the provisions of a retirement plan established under this chapter based on the employee beneficiary's:

(1) salary; and

(2) years of service;

on the date the employee beneficiary enters the DROP.

(d) As used in this section, "maximum years of service" refers to the maximum number of years of service included in the monthly pension benefit calculation under a department's

retirement plan.

(e) An employee beneficiary who:

(1) is not yet credited with the maximum number of years of service; and

(2) is eligible to receive an unreduced benefit immediately upon termination of employment;

may elect to enter a DROP. The employee beneficiary's election is irrevocable.

(f) The employee beneficiary exits a DROP on the earliest of the following:

(1) The date that the employee beneficiary is credited with the maximum years of service under the retirement plan.

(2) The employee beneficiary's retirement date.

(3) The date any required benefit begins.

(g) The retirement benefit paid to the employee beneficiary who participated in a DROP consists of:

(1) the DROP frozen benefit; plus

(2) an additional amount, paid as the employee beneficiary elects under subsection (h), determined in STEP THREE of the following formula:

STEP ONE: Multiply:

(A) the DROP frozen benefit; by

(B) the number of months the employee beneficiary participated in the DROP.

STEP TWO: Multiply the product determined in STEP ONE by an interest rate that does not exceed three percent (3%) annually.

STEP THREE: Add the product determined under STEP ONE and the product determined under STEP TWO.

(h) The employee beneficiary shall elect, at the employee beneficiary's retirement, to receive the additional amount calculated under subsection (g)(2) in one (1) of the following ways:

(1) A lump sum.

(2) An actuarially equivalent increase in the monthly pension benefit payable to the employee beneficiary.

(3) A combination of (1) and (2).

(i) The cost of living payment determined under section 23 of this chapter does not apply to the additional amount calculated under subsection (g)(2). No cost of living payment is applied to a DROP frozen benefit while the employee beneficiary is participating in a DROP.

(j) If an employee beneficiary becomes disabled:

(1) in the line of duty; or

(2) other than in the line of duty;

benefits for the employee beneficiary are calculated as if the employee beneficiary had never entered the DROP.

(k) If, before the employee beneficiary's monthly pension benefit begins, an employee beneficiary dies, in the line of duty or other than in the line of duty, death benefits are payable as follows:

(1) The benefit under subsection (g)(2) is paid in a lump sum to the employee beneficiary's surviving spouse. If there is no surviving spouse, the lump sum must be divided equally among the employee beneficiary's surviving children. If there are no surviving children, the lump sum is paid to the employee beneficiary's parents. If there are no surviving parents, the lump sum is paid to the employee beneficiary's estate.

(2) A benefit is paid on the DROP frozen benefit under the terms of the county's retirement plan.

(l) A DROP under this section must be designed to be actuarially cost neutral to the county's retirement plan.

SECTION 2. IC 36-8-10-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) The department may establish and operate a dependent's pension benefit for the payment of pensions to dependent parents, surviving spouses, and dependent children under eighteen (18) years of age of former employee beneficiaries. The department may provide these benefits by the creation of a reserve account, by obtaining appropriate insurance coverage, or both. However, the department may not establish or modify a dependent's pension benefit after June 30, 1989, without the approval of the county fiscal body which shall not reduce or diminish any dependent's pension benefits that were in effect on January 1, 1989.

(b) This subsection applies to survivors of employee beneficiaries who:

(1) died before January 1, 1990; and

(2) were covered by a benefit plan established under this section.

The maximum monthly pension payable to dependent parents or surviving spouses may not exceed two hundred dollars ($200) per month during the parent's or the spouse's lifetime if the spouse did not remarry before September 1, 1984. If the surviving spouse remarried before September 1, 1984, benefits ceased on the date of remarriage. The maximum monthly pension payable to dependent children is thirty dollars ($30) per child and ceases with the last payment before attaining eighteen (18) years of age.

(c) This subsection applies to survivors of employee beneficiaries who:

(1) died after December 31, 1989; and

(2) were covered by a benefit plan established under this section.

The monthly pension payable to dependent parents or surviving spouses must be not less than two hundred dollars ($200) for each month during the parent's or the spouse's lifetime. ~~or until the spouse remarries.~~ The monthly pension payable to each dependent child must be not less than thirty dollars ($30) for each child and ceases with the last payment before attaining eighteen (18) years of age.

(d) The county fiscal body may by ordinance provide an increase in the monthly pension of survivors of employee beneficiaries who die before January 1, 1990. However, the monthly pension that is provided under this subsection may not exceed the monthly pension that is provided to survivors whose monthly pensions are determined under subsection (c).

(e) In order to be eligible for a benefit under this section, the surviving spouse of an employee beneficiary who dies after August 31, 1984, must have been married to the employee beneficiary at the time of the employee's retirement or death in service.

SENATE MOTION

Madam President: I move that Senator Lutz be added as coauthor of Senate Bill 611.

HARRISON

COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 611, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 611 as introduced.)

HARRISON, Chairperson

Committee Vote: Yeas 11, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Safety and Homeland Security, to which was referred Senate Bill 611, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

RUPPEL, Chair

Committee Vote: yeas 7, nays 0.

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 611 be amended to read as follows:

Page 3, after line 19 , begin a new paragraph and insert:

"SECTION 2. IC 36-8-10-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) The department may establish and operate a dependent's pension benefit for the payment of pensions to dependent parents, surviving spouses, and dependent children under eighteen (18) years of age of former employee beneficiaries. The department may provide these benefits by the creation of a reserve account, by obtaining appropriate insurance coverage, or both. However, the department may not establish or modify a dependent's pension benefit after June 30, 1989, without the approval of the county fiscal body which shall not reduce or diminish any dependent's pension benefits that were in effect on January 1, 1989.

(b) This subsection applies to survivors of employee beneficiaries who:

(1) died before January 1, 1990; and

(2) were covered by a benefit plan established under this section.

The maximum monthly pension payable to dependent parents or surviving spouses may not exceed two hundred dollars ($200) per month during the parent's or the spouse's lifetime if the spouse did not remarry before September 1, 1984. If the surviving spouse remarried before September 1, 1984, benefits ceased on the date of remarriage. The maximum monthly pension payable to dependent children is thirty dollars ($30) per child and ceases with the last payment before attaining eighteen (18) years of age.

(c) This subsection applies to survivors of employee beneficiaries who:

(1) died after December 31, 1989; and

(2) were covered by a benefit plan established under this section.

The monthly pension payable to dependent parents or surviving spouses must be not less than two hundred dollars ($200) for each month during the parent's or the spouse's lifetime. ~~or until the spouse remarries.~~ The monthly pension payable to each dependent child must be not less than thirty dollars ($30) for each child and ceases with the last payment before attaining eighteen (18) years of age.

(d) The county fiscal body may by ordinance provide an increase in the monthly pension of survivors of employee beneficiaries who die before January 1, 1990. However, the monthly pension that is provided under this subsection may not exceed the monthly pension that is provided to survivors whose monthly pensions are determined under subsection (c).

(e) In order to be eligible for a benefit under this section, the surviving spouse of an employee beneficiary who dies after August 31, 1984, must have been married to the employee beneficiary at the time of the employee's retirement or death in service.".

(Reference is to ESB 611 as printed March 23, 2005.)

BUELL